

Report Date: 5-March-25

MASAFAT FOR SPECIALISED TRANSPORT

ASE: MSFT

Annual Earnings: 31/12/2024

Price as of 4-March-25

JD 0.63/Share

RATING



Initiated Coverage 05/03/2025

We project that MSFT will perform in line with the market over the next 6-12 months. This projection is based on our analysis of four key factors that influence common stock performance: (1) relative valuation, (2) earnings strength, (3) financial stability, and (4) price movement.

Target Price

JD 0.66

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Dividend/Share
1	2	3	4	5	JD 0.56 - JD 0.78	JD 11.7 M	6.35%	JD 0.04

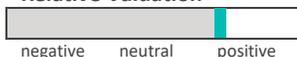
Founded: 2006 **Shares Outstanding:** 18.5 M **Employees:** 465 **Sector:** Transport & Trading **Industry:** Transportation

Masafat for Specialized Transport Co. (hereinafter referred to as “**MSFT**” or the “**Company**”) is a public shareholding company established in Jordan. MSFT specializes in the transportation of ready-mix concrete, raw materials, oils, and other related goods. The Company also supplies construction equipment and machinery, operates crushers for mining, and provides aggregate, sand, and car leasing services. Its fleet includes fuel and water tankers, flatbeds, silos, concrete mixers, trash compactors, tippers, and diesel delivery vehicles. It is worth noting that Ready Mix Concrete & Construction Supplies (RMCC) owns 40.95% of MSFT, while Arab Bank (ARBK) owns 6.12%. **On January 29, 2025, MSFT’s Board of Directors approved a 4.00% cash dividend distribution to its shareholders.**

Recommendation Summary

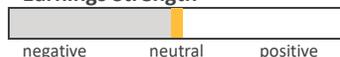
UFICO’s **HOLD** recommendation of MSFT is **based solely on our analysis of the stock’s price movement**. MSFT shows neutral valuation with its P/E ratio and is undervalued based on the P/BV ratio. While the dividend is in line with market averages, declining earnings and financial challenges, along with technical indicators, suggest limited upside. UFICO suggests continually monitoring and tracking developments in order to analyze MSFT’s long-term potential.

Relative Valuation



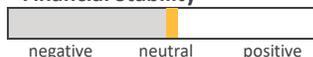
The stock is **fairly valued** based on its P/E ratio and **undervalued** based on its P/BV ratio in comparison to its peers & sector averages. Dividend is **in line** with dividend payers in the market.

Earnings Strength



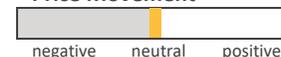
Earnings declined by 26.8% at the end of 2024.

Financial Stability



MSFT maintains an acceptable debt level, but declining ROA and borderline liquidity indicate that the Company is facing challenges in managing earnings.

Price Movement



The stock is rated a **Neutral** at its current 14-Day RSI and a **Sell** at its MA200.

Major Risks & Rewards

- **Geopolitical instability:** MSFT operates in a region prone to conflicts. Recent events, including neighbouring disputes and ongoing regional tensions, pose potential risks of delays to MSFT’s operations and disruptions to its supply chain.
- **Fuel Price Volatility:** Changes in fuel prices, which are a significant operational cost for transportation companies, can have an impact on MSFT’s profitability. Unexpected increases in fuel costs may result in higher operating expenses, decreasing margins even though successfully managed through fuel hedging or pricing changes.
- **Undervalued:** MSFT’s undervalued position in comparison to industry peers provides an opportunity for potential capital gains as market conditions improve and the Company’s valuation matches with its fundamentals.
- **Dividend Yield:** in line with ASE standards, while the 69.63% payout ratio shows the Company’s ability to cover dividends with earnings, ensuring stable returns for shareholders.

Peers Group Comparison

Ticker	Peer Name	Price	Mkt Cap*	EPS	P/E	P/BV
		4/3/2025	4/3/2025	(TTM)	(TTM)	(MRQ)
MSFT	Masafat For Specialized Transport	JD 0.63	11,655	JD 0.057	10.97x	0.49x
SHIP	Jordan National Shipping Lines	JD 2.37	35,550	JD 0.283	8.37x	1.22x
SITT	Salam International Transport & Trading	JD 0.84	15,120	JD 0.092	9.11x	0.67x
Weighted Average (Peers)					8.59x	1.06x
Sector Average (www.investing.com)					11.70x	1.40x

Past Performance

	2018	2019	2020	2021	2022	2023	2024
Net Profit Margin	3.04%	3.41%	1.04%	3.37%	3.91%	4.06%	3.27%
Earning/ Share (JD)	0.036	0.042	0.010	0.042	0.058	0.078	0.057
Debt to Equity	35.24%	31.50%	28.13%	28.95%	33.04%	33.09%	34.21%
Gross Profit Margin	9.64%	10.08%	8.44%	10.71%	12.92%	11.64%	8.45%
Dividend/Share (JD)	0.03	0.00	0.03	0.04	0.04	0.05	0.04

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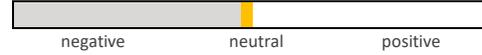
ASE: MSFT

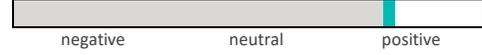
Price as of 4-March-25

JD 0.63/Share
Relative Valuation: POSITIVE

Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
4/3/2025	4/3/2025	(TTM)	(TTM)	(MRQ)	(MRQ)	(2024)	4/3/2025
JD 0.63	JD 11.7 M	JD 0.057	10.97x	JD 1.28	0.49x	0.04	6.35%

- **P/E vs. Industry:** is above the peers' average of 8.59x, indicating potential overvaluation, while it remains in line with the sector average of 11.70x.
- **P/BV vs. Industry:** is lower than the industry average of 1.40x and the peers' average of 1.06x, indicating potential undervaluation.
- **Dividend Yield** is in line with dividend payers on the ASE.
- **Dividend Payout Ratio** is 69.63%, indicating payments are well covered by earnings.

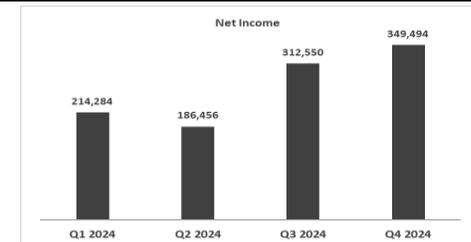
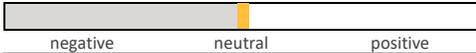
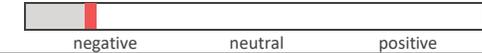
P/E

P/BV

Dividend Growth

Dividend Payout

Earning Strength: NEUTRAL

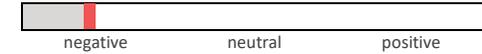
2024 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 32.5 M (-9.16%)	JD 1.06 (-26.8%)	4.49%	3.27%

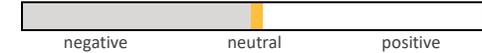
- **Earnings Trend:** MSFT has been profitable over the past five years. However, at the end of 2024, its earnings declined by 26.8%, primarily due to a decrease in revenue.
- **Return on Equity** is lower than the emerging market average of 7.19%.
- **Net Profit Margin** is lower than 4.06% achieved at the end of 2023.


Profitability

Earnings Trend

Financial Stability: NEUTRAL

2024 Results	Assets	Equity	ROA	Debt/Equity	Current Ratio
	JD 37.7 M	JD 23.8 M	2.85%	34.21%	0.84x

- **ROA Ratio** is declining, indicating lower profitability and asset efficiency compared to the previous year.
- **Debt/Equity Ratio** of 34.21% is acceptable, indicating some reliance on debt for financing operations.
- **Current Ratio** indicates MSFT's borderline ability to meet short-term obligations with its current assets, exhibiting neutral liquidity.

ROA

Debt/Equity Ratio

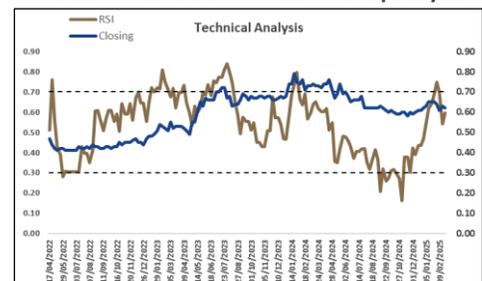
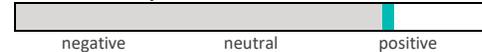
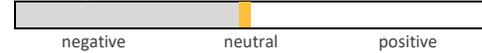
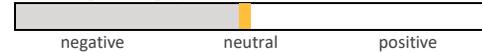
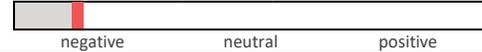
Current Ratio

Price Movement: NEUTRAL

Average 7-Day Volatility:	14-Day RSI:	200-Day MA:	Average Volume (3M):
+/- 13.12%	50.981	0.63	9185.5 shares

- **Price Volatility** of 13.12% indicates a low level of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** is 50.981, indicating a **neutral** signal at this level. Traditionally, a stock is considered overbought or overvalued when RSI is above 70 and oversold or undervalued when it is below 30.
- **Moving Averages (MA):** The stock price currently trades within its 200-day moving average, which might indicate a **Sell** signal. The MA for the 50-Day is 0.63, indicating a **Sell** signal, while the 100-Day MA is 0.61, indicating a **Buy** signal.
- **Average Volume 3-Months** is 9186 shares, indicating **low trade activity**.

Price movement is an evaluation based on a company's relative share price strength in the past 1-quarter, 14 day and 1-year period. **MSFT has a negative price strength in the past 200-day period indicating an unfavourable signal of near-term price gains.**

- MSFT stock is currently moving sideways after a correction due to a decline in profits. It is now building new positions at these levels, with a potential upside to **JD 0.65 – JD 0.66** in the coming period.

Stock Price is down 12.5% in the past year

Price Volatility

14-Day RSI

Moving Average (MA)

Average Volume (3-Months)


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UFICO Stock Ratings: UFICO's coverage of stocks uses a quantitative model that evaluates a company's relative valuation, earnings strength, financial stability, and its recent price movement. UFICO's five recommendation ratings include strong buy, buy, hold, sell, strong sell. For all stocks in our coverage universe, ratings are generated each week and reflect the fundamental and price data as of the last trading day of the week.

1	2	3	4	5	Strong Buy	Significantly Satisfactory
1	2	3	4	5	Buy	Satisfactory
1	2	3	4	5	Hold	Average
1	2	3	4	5	Sell	Unsatisfactory
1	2	3	4	5	Strong Sell	Significantly Unsatisfactory

Relative Valuation: Relative valuation is a weighted combination of factors that measure a company's current stock price valuation vs industry. These include the company's price-to-earnings vs. industry, and its price-to-book vs. industry. UFICO also measures the rank of a company's dividend yield among dividend payers on the Amman Stock Exchange. A stock may stay undervalued or overvalued for a long period of time. For this reason, it is important to combine dividend yield rank factor with shorter-term predictive factors such as earnings momentum or price momentum to identify more imminent valuation adjustments. In addition, UFICO also measure a company's dividend payments growth over the past 10 years and the degree its dividend payments are covered by earnings.

Earnings Strength: Over 20 years of research have shown that the change in the growth of earnings per share is an important factor that drives stock price performance. UFICO measures earnings momentum to get an early indication of changing earnings patterns. Earnings strength is a weighted combination of factors that measure a company's earnings growth performance. These include the company's 5-year average earnings growth rate, its 1-year earnings growth rate vs its 5-year average earnings growth rate, its 1-year earnings growth rate vs. industry, its relative strength of ROE, and its y-o-y profit margin growth rate.

Financial Stability: Financial stability is a weighted combination of factors that measure a company's ability to pay its debts in the short and long terms. UFICO looks for a company's capital structure where its total liabilities do not exceed 40% of its equity. For a company's solvency strength, we look for an interest coverage of at least 3x, indicating a company's ability to cover its interest payments through its operating income, and a debt coverage of at least 200%, indicating a company's ability to cover its loans and interest payments through its operating income. For liquidity strength, we look for a company's current ratio of at least 1.25x, indicating current liabilities are sufficiently covered by current assets. Companies in the banking sector are analyzed using assets/equity ratio, loans/deposits ratio, loans/assets ratio, and level of bad loans. For assets/equity ratio, we look for a ratio below 10x, indicating adequate reliance on debt to fund the bank's operations. For loans/deposits ratio, we look for a ratio below 125%, indicating high liquidity and low exposure risk to cover unexpected funding requirements. For loans/asset ratio, we look for a ratio below 110%, indicating high liquidity and low exposure risk to defaults. For the level of bad loans, we look for a ratio below 5.00%, indicating lower provisions are required and, hence, increases bank profitability.

Recent Price Movement: Historical price action of a company's stock is an especially helpful measure used to identify intermediate and short term performance potential. Long term historical performance is a good predictor of future price performance, but much more importantly, large price movements over the intermediate and short term tend to reverse themselves. UFICO's price momentum measure integrates historical long, intermediate and short term price changes, creating ratings that are highest for stocks with strong twelve-month price performance that have had a price consolidation in the past quarter and month. Price movement is an evaluation based on a company's relative share price strength in the past 1-quarter, 14-day and 1-year period. In UFICO's analysis, positive price strength in the past 200-day period is a favorable indication of near-term price gain. Conversely, positive price changes in the past quarter or 14-day period can indicate a short-term overbought condition resulting in negative near-term price change.

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